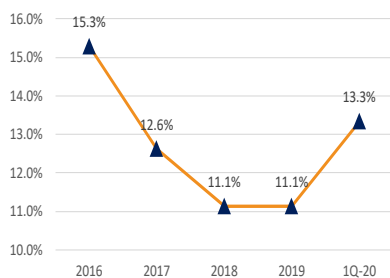


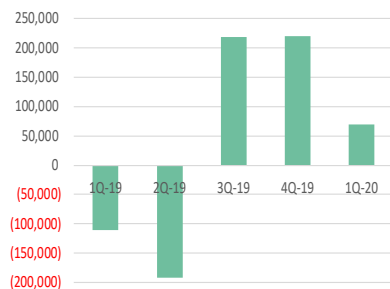
Jacksonville

First quarter statistics serve as an indicator of the Jacksonville office market's position prior to the COVID-19 crisis, which began to unfold locally with widespread social distancing measures in March. The leasing and sales environment has changed dramatically since that time, and those impacts will begin to materialize in the data in the second quarter.

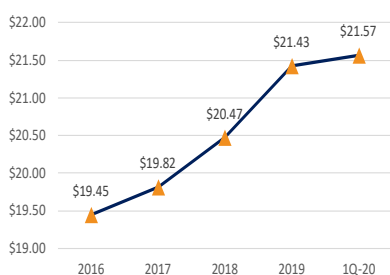
Vacancy Rate



YTD Net Absorption (SF)



Average Asking Rent Rate (\$/SF/FS)



Healthy Leasing Fueled the Office Market During the First Quarter with No Major Speculative Development Underway

- The bulk of the positive net absorption recorded during the first quarter was principally located in the Baymeadows and Deerwood submarkets, with the urban core recording relatively anemic absorption during the first three months of the year due to typical space rollover during the first quarter. Leasing activity was healthy, however, with five new lease deals north of 10,000 sf.
- Year-over-year vacancy for the period ending with 1Q-2020 is up 101 basis points and the average asking rent is up 2.4% over the same period.
- The largest investment sale during the first quarter was the acquisition of Town Center One and Two in Deerwood Park for \$107.1 million, or \$277 per sf. The two class A office assets were purchased by

TPG Real Estate. Also notable, ShareMD purchased the 494,437-sf office building at 841 Prudential Dr for \$67.0 million, or \$136 per sf. The company offers medical office and co-working space to providers of medical and ancillary services.

- Prior to the impact of COVID-19 late in the first quarter, Jacksonville's job market was strong, fueled by a relatively low cost of living, slow but steady expansion of the business base, and a greater supply of available land. Even though job growth was occurring in the professional and business sector, it had not yet translated to an acceleration in measurable office demand, and likely will not in the near term as the market contends with the economic fallout of the current pandemic.

Trends to Watch



Development Plans

Most mixed-use developments moving forward will be required to incorporate a retail and residential component along with office space.



Changing Footprints

A shift is expected in the amount of square feet needed per employee now that a larger share of the workforce may be working remotely for some time.



Delays Possible

Rising economic uncertainty and job losses at the close of the first quarter may put some recent development plans on hold in and around the urban core.

26.0 MSF

Total office inventory in the Jacksonville office market

69,179 SF

Direct Y-T-D net absorption as of 1Q-2020

13.34%

Overall Vacancy

\$23.42/SF/FS

Average rental rate for class A space

JACKSONVILLE OFFICE MARKET STATISTICS

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rate	% Occupied	% Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	12,769,985	1,653,129	202,214	\$23.42	87.05%	12.95%	1.58%	14.53%	0	55,738
Class B	13,211,651	1,386,775	222,737	\$19.37	89.50%	10.50%	1.69%	12.18%	0	13,441
Total	25,981,636	3,039,904	424,951	\$21.57	88.30%	11.70%	1.64%	13.34%	0	69,179

Arlington

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rate	% Occupied	% Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	0	0	0	\$0.00	0.00%	0.00%	0.00%	0.00%	0	0
Class B	984,575	89,837	7,190	\$16.74	90.88%	9.12%	0.73%	9.85%	0	7,627
Total	984,575	89,837	7,190	\$16.74	90.88%	9.12%	0.73%	9.85%	0	7,627

Beaches

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rate	% Occupied	% Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	695,634	51,807	2,557	\$26.33	92.55%	7.45%	0.37%	7.82%	0	(42)
Class B	142,397	0	0	\$0.00	100.00%	0.00%	0.00%	0.00%	0	0
Total	838,031	51,807	2,557	\$26.33	93.82%	6.18%	0.31%	6.49%	0	(42)

Clay County

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rate	% Occupied	% Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	85,000	0	0	\$0.00	100.00%	0.00%	0.00%	0.00%	0	0
Class B	516,169	7,542	0	\$15.00	98.54%	1.46%	0.00%	1.46%	0	4,687
Total	601,169	7,542	0	\$15.00	98.75%	1.25%	0.00%	1.25%	0	4,687

Downtown - Northbank

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rate	% Occupied	% Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	3,663,906	678,300	50,884	\$23.03	81.49%	18.51%	1.39%	19.90%	0	6,376
Class B	1,303,424	148,396	6,295	\$19.15	88.61%	11.39%	0.48%	11.87%	0	(13,655)
Total	4,967,330	826,696	57,179	\$22.33	83.36%	16.64%	1.15%	17.79%	0	(7,279)

Downtown - Southbank

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rate	% Occupied	% Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	2,097,832	144,737	0	\$22.89	93.10%	6.90%	0.00%	6.90%	0	3,766
Class B	235,094	9,096	0	\$19.00	96.13%	3.87%	0.00%	3.87%	0	5,715
Total	2,332,926	153,833	0	\$22.66	93.41%	6.59%	0.00%	6.59%	0	9,481

I-95 / 9A Corridor

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rate	% Occupied	% Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	5,671,166	689,610	26,157	\$23.80	87.84%	12.16%	0.46%	12.62%	0	34,053
Class B	7,045,596	739,702	200,364	\$20.89	89.50%	10.50%	2.84%	13.34%	0	48,445
Total	12,716,762	1,429,312	226,521	\$22.30	88.76%	11.24%	1.78%	13.02%	0	82,498

Park Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rate	% Occupied	% Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Baymeadows	4,722,989	453,812	195,324	\$20.79	90.39%	9.61%	4.14%	13.74%	0	46,463
Deerwood Park	3,959,113	349,116	31,197	\$24.41	91.18%	8.82%	0.79%	9.61%	0	31,616
I-95 Corridor	1,101,398	118,775	0	\$22.87	89.22%	10.78%	0.00%	10.78%	0	3,716
Southpoint	2,933,262	507,609	0	\$22.06	82.69%	17.31%	0.00%	17.31%	0	703

Mandarin

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rate	% Occupied	% Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	0	0	0	\$0.00	0.00%	0.00%	0.00%	0.00%	0	0
Class B	644,137	48,595	8,888	\$19.46	92.46%	7.54%	1.38%	8.92%	0	(7,218)
Total	644,137	48,595	8,888	\$19.46	92.46%	7.54%	1.38%	8.92%	0	(7,218)

Nocatee

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rate	% Occupied	% Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	142,751	19,565	0	\$28.00	86.29%	13.71%	0.00%	13.71%	0	5,441
Class B	0	0	0	\$0.00	0.00%	0.00%	0.00%	0.00%	0	0
Total	142,751	19,565	0	\$28.00	86.29%	13.71%	0.00%	13.71%	0	5,441

Northside

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rate	% Occupied	% Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	0	0	0	\$0.00	0.00%	0.00%	0.00%	0.00%	0	0
Class B	94,608	1,730	0	\$12.00	98.17%	1.83%	0.00%	1.83%	0	0
Total	94,608	1,730	0	\$12.00	98.17%	1.83%	0.00%	1.83%	0	0

St Johns County

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rate	% Occupied	% Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	141,916	38,931	0	\$18.55	72.57%	27.43%	0.00%	27.43%	0	6,144
Class B	303,479	28,964	0	\$22.81	90.46%	9.54%	0.00%	9.54%	0	(10,687)
Total	445,395	67,895	0	\$20.37	84.76%	15.24%	0.00%	15.24%	0	(4,543)

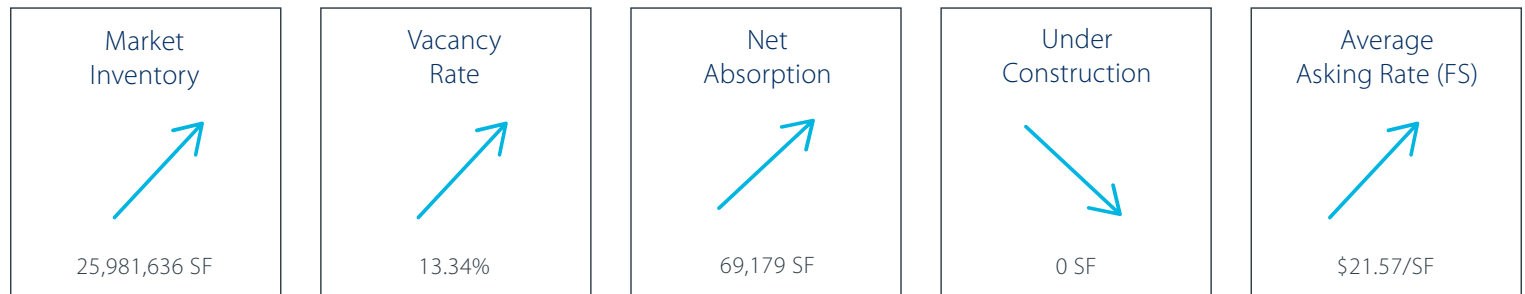
Southside

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rate	% Occupied	% Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	271,780	30,179	122,616	\$24.00	88.90%	11.10%	45.12%	56.22%	0	0
Class B	1,565,392	290,474	0	\$16.23	81.44%	18.56%	0.00%	18.56%	0	(20,040)
Total	1,837,172	320,653	122,616	\$16.96	82.55%	17.45%	6.67%	24.13%	0	(20,040)

Westside

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rate	% Occupied	% Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	0	0	0	\$0.00	0.00%	0.00%	0.00%	0.00%	0	0
Class B	376,780	22,439	0	\$19.26	94.04%	5.96%	0.00%	5.96%	0	(1,433)
Total	376,780	22,439	0	\$19.26	94.04%	5.96%	0.00%	5.96%	0	(1,433)

Leading Indicators (Y-O-Y 1Q-2019 to 1Q-2020)



CBD										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rate	% Occupied	% Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	5,761,738	823,037	50,884	\$23.01	85.72%	14.28%	0.88%	15.17%	0	10,142
Class B	1,538,518	157,492	6,295	\$19.14	89.76%	10.24%	0.41%	10.65%	0	(7,940)
Total	7,300,256	980,529	57,179	\$22.39	86.57%	13.43%	0.78%	14.21%	0	2,202

Non-CBD / Suburban										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rate	% Occupied	% Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	7,008,247	830,092	151,330	\$23.82	88.16%	11.84%	2.16%	14.00%	0	45,596
Class B	11,673,133	1,229,283	216,442	\$19.40	89.47%	10.53%	1.85%	12.39%	0	21,381
Total	18,681,380	2,059,375	367,772	\$21.18	88.98%	11.02%	1.97%	12.99%	0	66,977

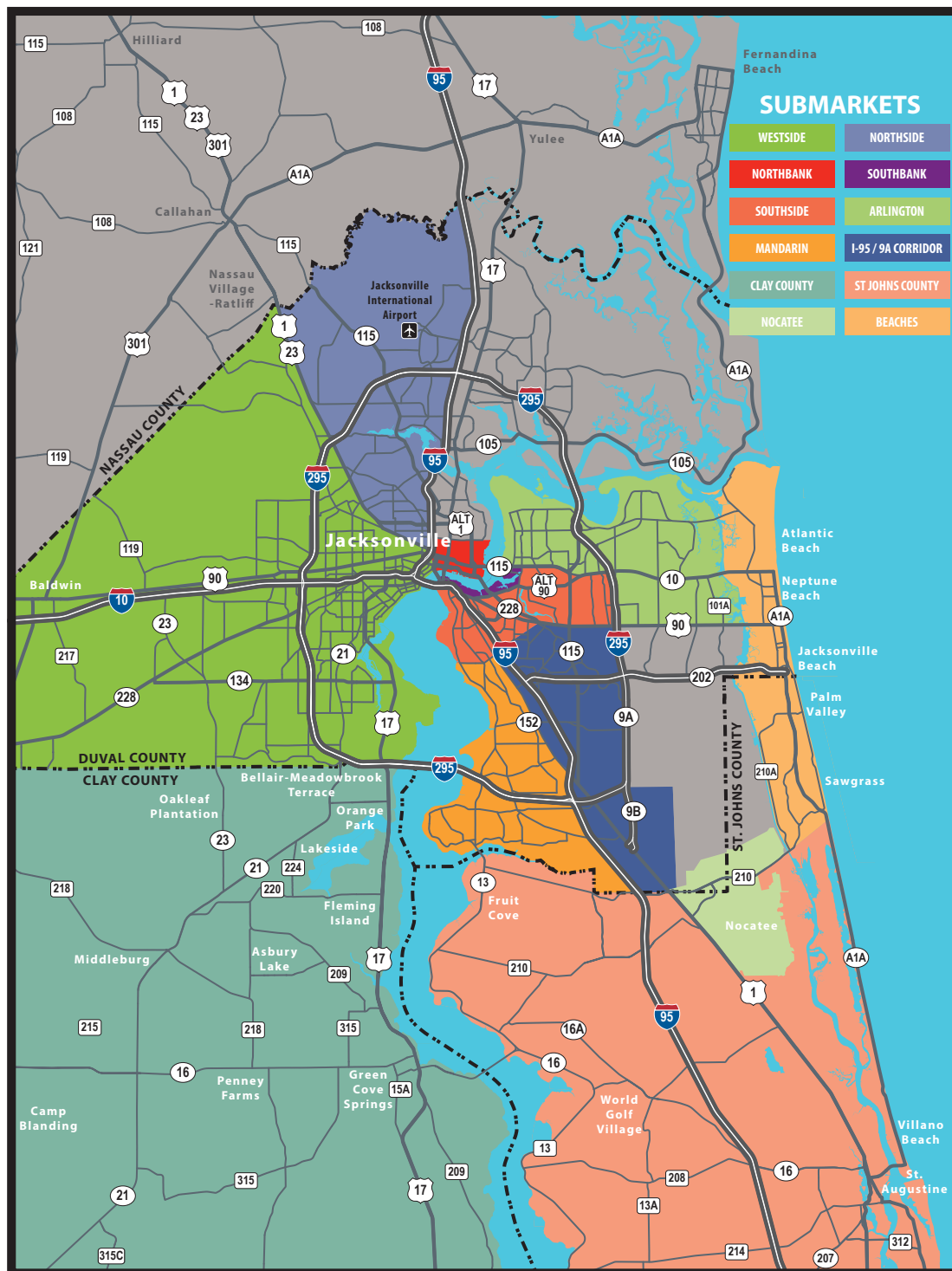
Reporting Methodology: This report includes all class 'A' and 'B' office buildings and parks 20,000 SF and greater in the Jacksonville MSA that are not owner occupied, office medical, or government owned. All rents are reported on a full-service gross basis. The information in this report has been collected by the Avison Young research team via sources that are deemed reliable but is not guaranteed.

Significant First Quarter 2020 Lease Transactions - Sorted by SF

Tenant	Property	Type	SF	Submarket
Fortegra Financial	10751 Deerwood Park Blvd	54,000	New	Deerwood Park
Fidelity Information Services	Prominence 300	33,323	New	Baymeadows
Raymond James	245 Riverside Ave	19,511	Renewal	Downtown Northbank
Kimley-Horn	Flagler Center	18,753	Renewal	I-95 Corridor
Autoquotes	8800 Baymeadows Way	18,100	Renewal	Baymeadows
CACI, Inc.	Bank of America Tower	16,989	Renewal	Downtown Northbank
Office Evolutions	The Offices at Flagler Station	16,670	New	I-95 Corridor
Law Firm	Deerwood South 300	13,726	New	Deerwood Park
Ocenture	Summit at Southpoint IV	13,306	Renewal/Downsize	Southpoint
Norton Lilly International	9485 Regency Square Blvd	9,267	Renewal	Arlington
Total Quality Logistics	Flagler Center	8,817	Renewal	I-95 Corridor
US Logistics	Ford Wade Office Park - Bldg II	5,467	New	Nocatee

Significant First Quarter 2020 Sales Transactions - Sorted by Sale Price

Property	SF	Sale Price	Price/SF	Buyer	Submarket
Town Center One/Two	386,860	\$107,125,000	\$277	TPG Real Estate	Deerwood Park
841 Prudential Dr	494,437	\$67,000,000	\$136	ShareMD	Downtown Southbank
Jax Offices Bldgs (200/400/700)	144,168	\$24,000,000	\$166	T Braxton Adamson	Mandarin
Liberty Plaza	47,454	\$3,800,000	\$80	Prudential Investment LLC	Baymeadows



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